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DALLAS, TEXAS
OCTOBER 6, 2004

**President of Purported Non-Profit Organization
in Irving Charged in 36-Count Federal Indictment**

***Barbara Hildenbrand President of Community Housing Fund
Co-Defendant Gerald Stone Owner of Ranscott Construction in Irving***

United States Attorney Richard B. Roper announced that a 36-count indictment was returned yesterday by a federal grand jury in Dallas, charging Irving, Texas, residents, Barbara Hildenbrand and Gerald Stone with defrauding the U.S. Department of Housing and Urban Development (HUD) and other related charges. Hildenbrand was the president of Community Housing Fund (CHF), a non-profit organization located at 800 West Airport Freeway, Suite 925, in Irving, Texas. Stone operated Ranscott Construction, Inc. (RCI), from the same address. It is expected that both defendants will surrender to federal authorities within the week.

Specifically, the indictment charges Hildenbrand and Stone each with one count of conspiracy, 23 counts of defrauding HUD, six counts of money laundering, three counts of theft from an organization and a forfeiture allegation. In addition, Stone is charged with two counts of attempting to evade or defeat taxes.

According to the indictment, from some time prior to January 25, 1999 and continuing through April 2001, Hildenbrand and Stone, conspired with each other to embezzle funds from the CHF, defraud HUD, and commit money laundering. The fraud occurred in relation to the HUD's Single Family Affordable Housing Program, which was designed to help people who qualify as "low to moderate income borrowers" become home owners. Under this program HUD offers certain HUD-owned properties to non-profit companies at a discounted price, usually either 10% or 30% off the price, depending on the location of the property. In order to participate in the program, Hildenbrand certified that CHF was organized as a nonprofit, and that the company was acting on its own behalf and is not under the influence, control, or direction of any outside party seeking to derive a profit or gain from the proposed project, including a contractor or builder.

Through the Single Family Affordable Housing Program, Hildenbrand, operating through CHF, purchased a number of homes in Texas and Florida at a discount and used Stone's company, RCI, to coordinate the repair work on a majority of the homes. On a number of the homes purchased by CHF under the HUD program, the defendants embezzled and stole money from CHF by withdrawing nonprofit money for non-business related purchases and later falsely claiming that portions of the payments were made for legitimate work performed and expenses incurred by Stone operating through the business RCI.

As set forth in the indictment, the non-business related purchases included a condominium in North Palm Beach, Florida and a 1964 Rybovich yacht. Specifically, in January 2000, Hildenbrand and Stone used CHF funds to purchase two cashier's checks (one in the amount of \$24,000 and another in the amount of \$222,927.73) to purchase a condominium in Gerald Stone's name, located at 1124 Marine Way, No. D-1L, North Palm Beach, Florida. Approximately four months after the condominium purchase, Hildebrand falsely claimed that in excess of \$100,000 of the CHF funds involved in the transaction were paid over to Stone for legitimate work performed by RCI on HUD program houses.

The indictment further alleges that in March 2000, Hildenbrand and Stone used CHF funds to purchase a cashier's check in the amount of \$212,500 to purchase a 1964 Rybovich Yacht, known as the "Shelby Jean" in Stone's name. Approximately four months after the yacht purchase, Hildebrand falsely claimed that in excess of \$100,000 of the CHF funds involved in the transaction were paid over to Stone for legitimate work performed by RCI on HUD program houses.

Two counts of the indictment charge Gerald Stone with attempting to evade a large part of income tax that he owned. According to the indictment, Stone submitted false and fraudulent income tax returns for calendar years 1999 and 2000. For 1999, Stone intentionally failed to report approximately \$211,902.76 in income, resulting in an additional tax due of approximately \$84,037. For 2000, Stone intentionally failed to report \$459,427.73 in income, resulting in an additional tax due of approximately \$179,479.

An indictment is an accusation by a federal grand jury and a defendant is entitled to the presumption of innocence unless proven guilty. However, if convicted on all counts, Barbara Hildenbrand, age 55, faces a maximum statutory 118-year term of imprisonment and Gerald Stone, age 57, faces a maximum statutory 128-year term of imprisonment. Both also face millions of dollars in fines, and if convicted, forfeiture of real property, the yacht and cash.

United States Attorney Roper praised the investigative efforts of the U.S. Department of Housing and Urban Development - Office of Inspector General and the Internal Revenue Service, Criminal Investigation. The case is being prosecuted by Assistant United States Attorney Michael R Gill.